The German Market for
Lawn & Garden Products

Sabine Winkels
U.S. Commercial Service Germany
July 2005

Summary

In 2004, sales in the German market for lawn and garden products amounted to EUR 8.43 billion. Approximately one-third of total sales were generated via garden centers affiliated to Do-It-Yourself retailer stores, making this the single predominant distribution channel. Despite the current economic slowdown in Germany, and unlike other industry sectors, this sector still offers good sales opportunities for American manufacturers selling innovative, cost-competitive products.

Market Overview

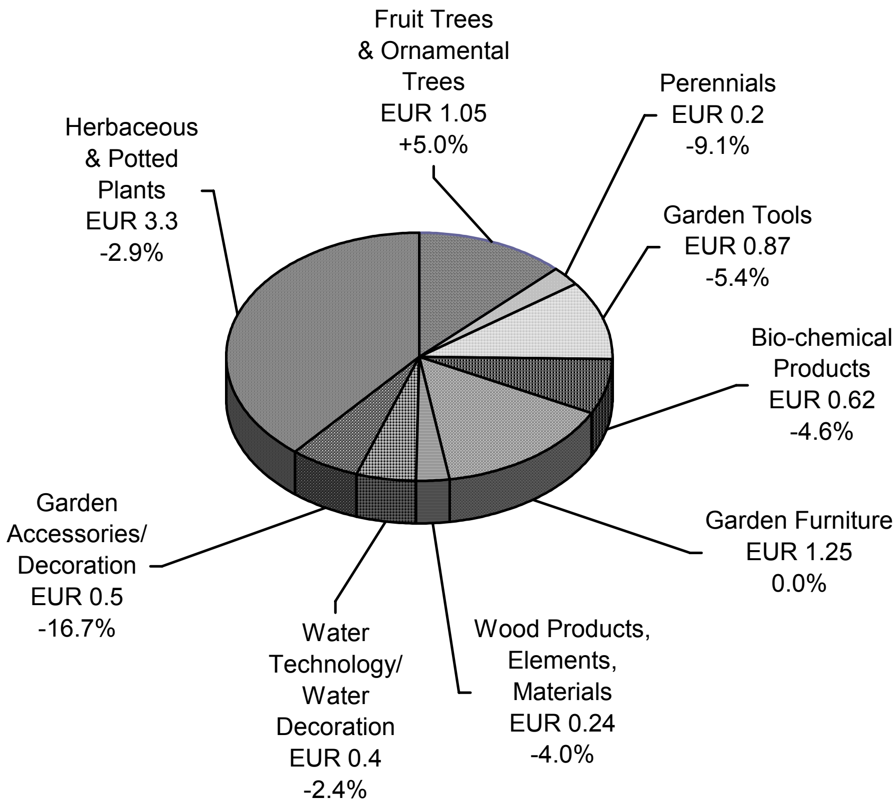
Statistical data was obtained from the Bundesverband Deutscher Heimwerker-, Bau- und Gartenfachmärkte – BHB (Federal Association of the German DIY, Building and Garden Specialist Stores); Dähne Publications; and Industrial Association of Gardening Equipment Manufacturers – IVG.

In 2004, Germany's market for lawn and garden products was estimated at EUR 8.43 billion, a decrease of 3.1% from 2003. Of the total market, greenery accounted for EUR 4.55 billion, and garden supplies, such as furniture, hand and power tools, and bio-chemical products accounted for EUR 3.88 billion.

Individual product groups present a varied picture. Most product groups have been negatively impacted by sluggish retail demand. Garden supplies registered an overall minus of 4.9% from 2003 levels. Losses were notable in individual product segments, such as garden accessories (-16.7%) and garden tools (-5.4%). Sales for garden furniture remained stable in 2004.

While the total market for greenery decreased by 1.5% in 2004, individual segment performance also varied. Perennials and herbaceous/potted plants lost 9.1% and 2.9% respectively; at the same time, sales for fruit trees and ornamental trees increased by 5% over 2003.

Chart 1:Market according to product group in 2004 in EUR billion & Change to 2003 in %



Source: Dähne Publishing

Chart 2:Market according to product group 2003/2004 in EUR billion (Market share in %)

Product Group	**2003**	**2004**	**Change in % 2003 to 2004**
Garden Supplies			
- Garden Tools (hand and power)	0.92 (10.6%)	0.87 (10.2%)	- 5.4
- Bio-chemical Products (soil, substrates, fertilizer, pesticides)	0.65 (7.5%)	0.62 (7.0%)	- 4.6
- Garden Furniture	1.25 (14.4%)	1.25 (14.6%)	0.0
- Products, Elements, Materials made of Wood	0.25 (2.9%)	0.24 (2.8%)	- 4.0
- Water Technology, Water Decoration	0.41 (4.6%)	0.40 (4.6%)	- 2.4

- Garden Accessories, Decoration	0.60 (6.9%)	0.50 (5.8%)	- 16.7
Total	**4.08 (46.9%)**	**3.88 (45.0%)**	**- 4.9**
Greenery (excluding cut flowers)			
- Herbaceous & Potted Plants	3.40 (38.7%)	3.30 (39.8%)	- 2.9
- Fruit Trees & Ornamental Trees	1.00 (11.8%)	1.05 (12.8%)	5.0
- Perennials	0.22 (2.5%)	0.20 (2.4%)	- 9.1
Total	**4.62 (52.6%)**	**4.55 (52.0%)**	**- 1.5**

Source: Dähne Publishing

Consumer Profile

Germany counted 39.1 million households with an average of 2.2 persons per household in 2004. 43% of these households, approximately 17 million, owned gardens, a figure which is growing by about 80,000 gardens per year. Only in the U.K. and Belgium more households own gardens (87% in the U.K. and 75% in Belgium).

Almost half of the gardens in Germany are less than 300 square meters, and almost two-thirds are less than 500 square meters. Balcony and terrace gardens, of growing importance in this market, make up the remainder of the small garden segment. Forty percent of the balcony and terrace gardens are smaller than 10 square meters.

According to an industry study published by Dähne Publishing, Germans spent about EUR 11 billion on garden products in 2002, which is almost EUR 558 per household. Studies estimate that spending will grow by more than 20%, to a total market of approximately EUR 13.4 billion in 2010. On average, each household is estimated to spend EUR 620 per year on garden products by 2020, indicating the growing importance of gardening and home improvement for the German consumer.

According to the study, over 60% of all Germans spend varying degrees of their free time gardening, while 40% stated that they never do any garden work. For many Germans, spending time in a garden means being active, working with a lawnmower, hoe or rake. However, according to a recent survey by the European garden equipment manufacturer association UNIBAL, 70% of all Germans own less than ten gardening tools, indicating a significant growth potential for suppliers and retailers.

There are three fairly distinct demographic market segments in the German garden market:

The first group, about 7 million Germans, are passionate gardeners. The typical German gardener is 50 years or older and owns highly specialized garden equipment. He/she spends most of his/her free time gardening and is very concerned about the quality of the purchased products, but is not overly price-sensitive.

Nearly 14 million Germans, the second group, are casual gardeners. They enjoy their gardens for relaxation and leisure time. They are more likely to use only basic gardening equipment. Within this group, there are 25 to 45 year old women who appreciate quality garden furniture and decorations. To meet "trends" is more important in this segment than price, and quality products are valued.

The "natural-state" gardeners make up the third group, with approximately 7 million Germans. This group does very little gardening in the traditional sense. They utilize few gardening tools, are environmentally conscious and purchase ecological products.

However, the depressed economic situation in Germany and lack of consumer spending increasingly impacts consumer behavior in this industry. Approximately 75% of German consumers today report to base their purchasing decisions on price rather than on brand name when buying garden products.

Distribution Channels

Distribution in this market is scattered. There are currently 3,566 garden centers in Germany, ranging from small, independent retailers and garden nurseries to specialized garden center and DIY superstore chains. The majority of garden centers are still in the 'old' federal states, 20.8% in North-Rhine Westphalia, followed by Bavaria (14.7%), Baden-Württemberg (12.8%), and Lower Saxony (12.5%). For U.S. manufacturers, three distribution channels are of particular interest: DIY store garden centers, garden center chains, and garden centers affiliated to cooperatives. Approximately 30% of sales in this market are generated from the larger garden centers and DIY garden stores, making these the predominant distribution channels.

Market growth, consolidation and the increasing importance of large chain stores are ongoing trends in the German garden market. In 2004, the thirty leading garden center operators maintained 2,110 stores, an increase of 87 stores compared to 2003. Industry sources estimate that the number of garden centers will grow by another 2-3% in 2005. These growth rates are paralleled by the expansion in retail space. Between July 2003 and July 2004, the combined retail space of the thirty leading garden centers gained 160,215 square meters. Although the market and the number of garden centers continue to increase, the market is consolidating: Fewer companies existed in the market in 2004 than in 2003.

Do-It-Yourself store garden centers

In 2004, the German DIY-market recorded total sales of EUR 36.64 billion, with a growth rate of 1.2% over 2003. Of that amount, the twenty leading DIY, building and garden centers [included are DIY centers with more than 1,000 square meters of sales space; minimum product assortment according to BHB product key; and mid-sized DIY stores] accounted for EUR 24.34 billion. The remaining EUR 12.3 billion in sales were generated by builders specialty stores, lumber and woodworking retailers (EUR 3.15 billion), garden stores not members of BHB (EUR 0.69 billion), and other distribution channels such as hardware, tools, and fittings specialty stores (EUR 3.7 billion).

Chart 3: Top 10 German DIY store garden centers (minimum retail space of 400 square meters)

DIY store	**Number of garden centers**	**Total sales area in square meters**
OBI	421	825.000
Praktiker/Extra/Top-Bau	237	189.000
Rewe (Klee/Toom)	136	277.000
Bauhaus	122	287.000
Marktkauf/Dixi	115	240.000
Hornbach	112	302.000
Baywa	92	92.800
Globus	60	122.000
Hellweg	52	76.500
Max Bahr	34	55.088

Source: Dähne Publishing

The market leader OBI reported sales in excess of EUR 1.5 billion in 2003. In 2004, OBI operates 421 "Garden Paradies" outlets (all over 400 square meters), 95 of which were outside Germany, increasing its number of DIY stores with garden centers by 10 over 2003.

Garden Center Chains

Of the approximately 3,500 garden centers in Germany in 2004, only a small number were affiliated with chains. The majority were part of the DIY chains, or operated as small, independent retailers and garden nurseries. The 2004 top fifteen garden center chains in Germany owned a combined retail space of more than 936,000 square meters. Almost half of this retail space, 461,500 square meters, belonged to Dehner, the leading garden center chain in Germany, with 91 outlets (2003=89). In 2003, the company reported sales of EUR 580 million.

Chart 4:Top 10 German garden center chains (minimum retail space 400 square meters)

Garden center store	**Number of garden centers**	**Total sales area in square meters**
Dehner	91	461,500
Nordharz	11	49,700
Pflanzen-Kölle	10	85,759
Blumen Risse	10	65,000
Meckelburg	10	34,800
Herde-Hüsecken	4	52,800
Birkhof	4	49,500
Pötschke	4	31,000
Wassenaar	4	27,500
Amoflor	4	15,500

Source: Dähne Publishing

Cooperatives

Cooperatives utilize a joint management, marketing and logistics network and are thus a distribution channel of interest to U.S. suppliers. Market leader in this segment is Hagebau, with 230 garden outlets and sales of EUR 413 million within this segment in 2004, followed by ZEUS with 110 garden stores.

Chart 5: Garden centers affiliated with German cooperatives

Cooperative	**Number of garden centers**	**Total sales area in square meters**
Hagebau	230	296,371
ZEUS	110	163,629
EMV-Profi	59	100,000
I&M Interbaustoff	54	48,000
Krämer/Wir Gärtner	28	43,000
NBB/Gartenspezi	18	12,000
Celo (EGN)	9	8,265
WHB	3	14,500

Source: Dähne Publishing

Overall, operators of DIY garden centers, garden center chains and cooperatives are expected to expand their respective market share in the future. Small, independent retailers and garden nurseries will be hard pressed to compete with the bulk purchasing power, lower price levels and diverse product assortment offered by the larger retail chains.

Market Trends

Furniture

In 2004, the German garden furniture segment generated revenues in excess of EUR 1.25 billion and was able to maintain its market share of approximately 14% of the total garden market. The German furniture market is dominated by imports, with Italy and the Asian countries being major suppliers.

DIY garden center stores are the leading distribution channel for garden furniture, with a 20% market share. Other important distribution channels in this segment are garden center chains, furniture retailers, and mail order houses, while hardware specialty stores and department stores play no significant role in the German garden furniture market.

Consumer behavior in this segment has changed over the last years. With the growing importance of gardening as a leisure activity, several million gardens are re-decorated or re-equipped with new furniture every year, ranging from low-priced wood imitations to high-quality design furniture. While a relatively small group of consumers is willing to spend up to EUR 4,000 and more for a set of high-quality garden chairs and table, or EUR 1,000 for a designer garden chair, the general market development is towards sales increases in the lower and medium price segment.

Wood and metal furniture have been predominant within the German garden furniture market over the last years. Metal furniture has a market share of more than 40%; wood furniture almost 30%. Wood means almost exclusively teak, ranging from stylish English garden benches for EUR 2,000 to the inexpensive teak chairs for EUR 100 per unit. Inspired by Mediterranean design, aluminum has been another trend within the industry. Brushed, combined with teak, color-coated, playful or defined, this furniture often differs from 'classic' garden furniture.

Motorized Garden Tools

According to a study by the German manufacturer Bosch, 10.7 million power tools units, valued at EUR 740 million, were sold in Europe in 2003, down 8% from the previous year. Germany holds approximately 24% of the European market, with a market of EUR 177.6 million. Other leading European power tools markets are the United Kingdom with a market share of 24%; France (13%), Easter Europe (12%); and the remaining Western European countries combined hold a market share of 27%.

The depressed economic situation in Germany and lack of consumer spending as well as the delayed start of the gardening season, following the late snowfall and ensuing wet weather, had a negative effect on most power tools product segments. The overall negative market development in Europe was especially evident in Germany, Austria and Switzerland, with an above-average market decline for motorized garden tools of approximately 15% in each of these countries.

German consumers are currently buying either inexpensive entry-level products or very high quality items, at the expense of the mid-range price segment. Consumer spending is still low for products such as scarifiers, power saws, brush cutters, mattocks, and clearing saws, also evident in the increased demand for spare parts and the repair of existing equipment. Suppliers are trying to partly offset the negative market development by targeting, in particular, hobby gardeners with high-quality services and user-friendly products.

Garden Accessories

For garden accessories, sales are generated through a number of distribution channels in addition to the classic garden centers, such as giftware or home furnishings retailers, and mail order companies. In 2004, garden accessories generated sales of approximately EUR 0.5 billion, or about 5.8% of the total sales in the garden market. This figure represents a loss of a little over 16% compared to the previous year. A significant portion of spending in this product segment goes to decorating balconies, terraces or gardens. Garden centers have responded to this trend by increasingly adding decoration items and accessories to their product range. Theme gardens, such as Asian, Mexican or Mediterranean, color-coordinated accessories, pots and vessels, room flowers, gift boutiques, arts & crafts materials, and special presentations for Christmas, Valentine's Day and Mother's Day provide new sales opportunities and thus offset sales losses in the weather-susceptible garden sector.

Market Access

In addition to the innovative edge of the individual product, successful market entry depends on pricing, on compliance with EU standards and regulations, and effective marketing. In view of the steep competition within Europe, U.S. companies should moderately price their products. It is also essential that the products are labeled with the CE mark, if applicable. The CE Mark is a declaration from the manufacturer indicating that the product complies with all European Union directives and standards applicable to that product class. This mark also indicates the manufacturer's understanding of its own responsibility. Manufacturers interested in having marks of quality placed on their products should contact an independent testing institute, such as the "Technischer Überwachungsverein e.V." (TÜV, Technical Inspection Association). TÜVs are private companies set up by various Germany states to inspect and test products for compliance with German safety standards. Individual TÜVs have also been authorized by the German government to test products for compliance with EU legislation, and many have established representative offices in the United States. Much like the Underwriter's Laboratories (UL) in the United States, these institutes examine products and apply the appropriate mark.

German buyers may request additional performance or quality marks, which are not necessarily legally required, but greatly enhance a product's marketing chances. Both EU requirements and the standards for a German quality or performance mark will, in many cases, require a product to be modified. Even if a product does not require modification, it will require testing and certification before it can be marketed. Important marks are the Safety-Tested "Gepruefte Sicherheit" (GS) mark for mechanical products, and the "Verband Deutscher Elektrotechniker" (VDE) mark for electrical components. Neither the "GS" license nor the "VDE" license are mandatory for products sold in Germany. The only exception is for products for use in certain work place applications, where either of these marks are required in order to meet insurance eligibility regulations. A company can obtain information on the VDE mark from the VDE publisher (VDE Verlag GmbH), or directly from the VDE association.

The German organization which compiles the standards for a "GS" mark is the "Deutscher Industrie Normenausschuss – DIN" (German Standards Institute).

The TÜV tests for CE Mark and both "VDE" and "GS" licenses. The process for "VDE" certification is the same as that for the "GS" mark.

For more detailed information, including a listing of authorized testing institutes, please see Germany's Country Commercial Guide.

Contact Information

Market Regulations & Standards

Detailed information on the German and European regulations for the production and trade of garden tools can be obtained from:

National Institute of Standards and Technology,
National Center for Standards and Certification Information
NIST North, Room 164
Gaithersburg, MD 20899
Phone: 301-975-4040
Fax: 301-975-1559
Internet: www.nist.gov

Commercial Service
Mission to the EU
40 Boulevard du Regent
B-1060 Brussels / Belgium
Phone: +32-2/508-2674
Fax: +32-2/508-1228
Internet: www.buyusa.gov/europeanunion/

TÜV – Technischer Ueberwachungsverein Rheinland
(German Technical Inspection Association Rhineland / TÜV Rheinland Group)
Am Grauen Stein
51105 Koeln
Phone: +49-221-806-0
Fax: +49-221-806-114
Internet: www.de.tuv.com

The Customs Information Center Frankfurt website offers a searchable customs duty calculator under the heading "TARIC," available in English. For specific duty-related questions U.S. exporters can also contact the Infocenter directly:

Zoll – Infocenter Frankfurt am Main
(Customs Information Center)
Hansaallee 141
60320 Frankfurt am Main
Phone: +49-69-469976-00
Fax: +49-69-469976-99
E-Mail: info@zoll-infocenter.de
Internet: www.zoll-d.de

Associations and Market Research Institutions

Generally speaking, associations are useful sources of information on market access, general market development, trends, statistics, and regulations. Contact information for the garden products market is as follows:

Industrieverband Garten (IVG) e.V.
(Industrial Association of Gardening Equipment Manufacturers)
Gothaer Strasse 27
40880 Ratingen
Phone: +49-2102-940850
Fax: +49-2102-940851
Email: verband@ivg.org
Internet: www.ivg.org

Bundesverband Deutscher Heimwerker-, Bau- und Gartenfachmärkte (BHB) e. V.
(Federal Association of the German DIY, Building and Garden Specialist Stores)
An der Rechtschule 1-3
50667 Köln
Phone: +49-221-277595-0
Fax: +49-221-277595-79
Email: info@bhb.org
Internet: www.bhb.org

Verband der Motoristen (VdM) im Zentralverband Hartwarenhandel e.V. (ZHH)
(Powered Gardening Equipment Association of the Central Hardware Trade Association)
Eichendorffstrasse 3
40474 Düsseldorf
Phone: +49-211-47050-0
Fax: +49-211-47050-39
Email: zhh@hartwaren.de
Internet: www.zhh.de

Verband der Elektrotechnik, Elektronik und Informationstechnik e.V. (VDE)
(Association for Electrical, Electronic and Information Technologies)
Stresemannallee 15
60596 Frankfurt/Main
Phone: +49-69-6308-0
Fax +49-69-6312925
Email: service@vde.com
Internet: www.vde.de

Zentralverband für Elektrotechnik und Elektronikindustrie (ZVEI)
(Central Association for the Electrotechnical and Electronics Industry)
Stresemannallee 19
60579 Frankfurt/Main
Phone: +49-69-6302-0
Fax: +49-69-6302-317
Internet: www.zvei.de

Trade Promotion Opportunities

Major Trade Publications

In Germany, trade publications are important promotion vehicles. Listed below are the leading trade publications for the German garden industry, which are suitable for advertising U.S. garden products. Detailed information and current advertising rates are available upon request from the publishers.

DIY *and* DIY in Europe
Two publications for the German and European DIY trade/including garden
Published: monthly / Circulation: 7,444 (DIY) and 8,945 (DIY in Europe)
Publisher: Karl-Heinz Dähne Verlag GmbH
Postfach 250
76256 Ettlingen
Phone: +49-7243-575-0
Fax: +49-7243-575-200
Internet: www.DIYonline.de

Motorist – Technik in der Grün und Flächenflege
Publication for the motorized garden market
Published: 6x per year / Circulation: 8,000 copies
Publisher: Verlag Siegfried Rohn GmbH
Stolberger Strasse 84
50933 Köln
Phone: +49-221-54974
Fax: +49-221-5497278
Internet: www.rohn.de

Markt in Grün (Lawn and Garden Market)
Publication on the Garden market
Published: 10 times per year
Circulation: 7,083
Publisher: Verlag Siegfried Rohn (see above)

Trade Fairs

In Germany, trade fairs play a major role in product marketing. U.S. companies wishing to penetrate the German market often make their first approach at major trade fairs. For U.S. manufacturers and exporters wishing to sell in Germany (and in Europe) it is important to exhibit at one of Germany's major international fairs. Exhibiting at fairs can bring direct sales, but, more significantly, it can be one of the least expensive ways to test the market's receptivity for lawn and garden products. Further the strength and scope of the competition can be assessed and contacts with others "in the trade" can be established. From these contacts, U.S. companies can gather a great deal of valuable information about marketing in Germany and Europe.

A well-planned exhibit at a major German trade fair is an excellent vehicle to promote U.S. products to a German and international trade audience. The following shows are recommended for U.S. lawn and garden products exporters:

Event :	Spoga International Trade Fair for Sport, Camping, and Garden Lifestyle
Site:	Cologne
Date:	September 4-6, 2005; held annually
Organizer:	Köln Messe GmbH Messeplatz 1 50769 Koeln
Phone :	+49-221-821-0
Fax:	+49-221-821-2574
Email :	info@koelnmesse.de
Internet:	www.koelnmesse.de

This show, which is held annually in Cologne, is the most important trade show for the garden industry in Germany. In 2004, 1,178 exhibitors from 55 countries exhibited at Spoga, attracting more than 48,000 visitors.

Every two years, Spoga is held in conjunction with GAFA - International Garden Trade Fair. In addition to the product groups presented at Spoga, the joint Spoga+Gafa event also features machines and equipment, as well as hand tools and accessories.

Event :	Spoga + Gafa International Trade Fair for Sport, Camping, and Garden Lifestyle
Site:	Cologne / International Garden Trade Fair
Date:	September 3-5, 2006; held bi-annually
Organizer:	Köln Messe GmbH Messeplatz 1 50769 Köln
Phone :	+49-221-821-0
Fax:	+49-221-821-2574
Email :	info@koelnmesse.de
Internet:	www.koelnmesse.de

In 2004, the Spoga + Gafa event featured 2,400 exhibitors from more than 50 countries and over 48,000 international trade visitors from 102 countries.

Commercial Service Contact

Ms. Sabine Winkels
American Consulate General
U.S. Commercial Service
Willi-Becker-Allee 10
40227 Düsseldorf / Germany
Phone: +49-211-737 767 40
Fax: +49-211-737 767 67
Email: Sabine.Winkels@mail.doc.gov
Website: http://www.buyusa.gov/germany/en/.

You can locate your nearest U.S. Export Assistance Center, as well as Commercial Service offices overseas by visiting www.buyusa.gov.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, The Department of Commerce does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. The Department of Commerce can assist companies in these endeavors.